

APPENDIX A

Emergency Shutdown Systems at the McElmo Creek Unit and Ratherford Unit Water Station Facilities

The McElmo Creek Unit ("MCU") and Ratherford Unit ("RU") Emergency Shutdown Systems ("ESDs") are similar in their operation.

1. The ESDs can be activated automatically or manually if there is a safety, mechanical, or environmental concern.
2. ESDs shall activate automatically if sensors located on the suction and discharge side of the injection pump sense high or low pressure or high or low flow rates. Lateral injection line leak detection sensors are located at MCU F-11, I-18, I-23, R-09, and R-11A, and at RU 6-14, 7-23, 7-34, 19-21, and 19-23. These sensors shall automatically shut down the water injection pumps in the event of high or low pressure on the injection lines.
3. Activation of ESDs shall shut down injection pumps and close the suction and discharge valves on injection pumps.
4. When an ESD is automatically activated, the system shall transmit an alarm signal to the answering service and auto dialer that will page designated employees. The answering service shall also notify the operator on duty via company radio to ensure that the alarm has been received.
5. The operator must call into the system, which will communicate that an alarm has been activated and the location of the alarm site. The operator must enter a password to acknowledge the alarm and shall proceed to the alarm site.
6. If the operator on duty does not acknowledge the alarm from the system, the auto dialer shall continually page designated employees and supervisors until the alarm is acknowledged. The answering service shall also start calling other employees on duty or off duty until the alarm is acknowledged. Mobil shall furnish a contact list to the answering service containing current contact information, including employees' home phone numbers and pager numbers.
7. The operator and/or other field personnel shall identify which set point has been violated.
8. If a spill has been identified and located, the operator or other field personnel shall isolate the spill by manually closing isolation valves. Field personnel shall inform the supervisor of the situation and implement a spill response.

9. Mobil shall ensure that MCU and RU are staffed at all times and shall respond to an ESD alarm as soon as practicable (and within one hour if feasible).

APPENDIX B

Stuffing Box Leak Detector Installation at McElmo Creek Unit and Ratherford Unit

- **McElmo Creek Unit Wells:** C-17, D-18, E-18, H-19, H-20, I-21, J-20, K-21, L-22, M-22, M-23, O-23, Q-15, P-18, O-19, N-20, M-21, I-11, I-13, F-16, D-14, J-22, J-12, S-22, Q-23, L-24
- **Ratherford Unit Wells:** 15-32, 15-22, 15-41, 15-42

APPENDIX C

Pressure Monitoring and Alarms at McElmo Creek Unit (MCU) and Ratherford Unit (RU) Production Transfer Systems

1. A high-pressure sensor automatically shuts down the production transfer pump, which is located on the composite vessel skid. Fluid continues to enter the vessel until a high level composite switch automatically activates a divert valve, which bypasses the vessel and redirects the flow back into the production transfer line. High pressures on production transfer lines will automatically trip a high-pressure switch on wells, which shuts down the wells. The system shall transmit an alarm signal to the answering service and auto dialer whenever the following set points have been violated: high tank level, communication failure, power failure, divert valve activation, and low air pressure on controllers.
2. When a set point is violated, the system shall transmit an alarm signal to the answering service and auto dialer that will page designated employees. The answering service shall also notify the operator on duty via company radio to ensure that the alarm has been received.
3. The operator must call into the system, which will communicate that an alarm has been activated and the location of the alarm site. The operator must enter a password to acknowledge the alarm and shall proceed to the alarm site.
4. If the operator on duty does not acknowledge the alarm from the system, the auto dialer shall continually page designated employees and supervisors until the alarm is acknowledged. The answering service shall also start calling other employees on duty or off duty until the alarm is acknowledged. Mobil shall furnish a contact list to the answering service containing current contact information, including employees' home phone numbers and pager numbers.
5. The operator and/or other field personnel shall identify which set point has been violated.
6. If a spill has been identified and located, the operator or other field personnel shall isolate the spill by manually closing isolation valves. Field personnel shall inform the supervisor of the situation and implement a spill response.
7. Mobil shall ensure that MCU and RU are staffed at all times and shall respond to an alarm as soon as practicable (and within one hour if feasible).

APPENDIX D

Alarm Systems at Emergency Pits

When an inlet flow sensor or alarm indicates that fluid is flowing into an emergency pit, Mobil shall respond to this event as follows:

1. Inlet flows to emergency pits shall be piped so that the fluid coming into a pit is routed to a one-gallon welded bucket equipped with a level switch. When the level switch is tripped, the system shall be activated and transmit an alarm signal to the answering service and auto dialer that will page designated employees. The answering service shall notify the operator on duty via company radio to ensure that the alarm has been received.
2. The operator must call into the system, which will communicate that an alarm has been activated and the location of the alarm site. The operator must enter a password to acknowledge the alarm and shall proceed to the alarm site.
3. If the operator on duty does not acknowledge the alarm from the system or the call from the answering service, the auto dialer shall continually page designated employees and supervisors until the alarm is acknowledged. The answering service shall also start calling other employees on duty or off duty until the alarm is acknowledged. Mobil shall furnish a contact list to the answering service containing current contact information, including employees' home phone numbers and pager numbers.
4. When responding to the event, an employee shall reset the alarm, identify the problem, and attempt to isolate it.
5. Field personnel shall inform the supervisor of the situation. Mobil shall implement a spill response if necessary.
6. All fluids entering an emergency pit shall be reported to the Bureau of Land Management ("BLM") in accordance with NTL-3A.
7. All fluids entering an emergency pit shall be emptied from the pit within 48 hours in accordance with BLM Onshore Order #7, unless a longer period is authorized by a BLM Authorized Officer.
8. Mobil shall respond to an alarm as soon as practicable (and within one hour if feasible).

APPENDIX E

Preventative Maintenance and Testing Program at McElmo Creek Unit and Ratherford Unit

In order to implement a preventative maintenance and testing program at the McElmo Creek and Ratherford Units, Mobil uses a program called SAP PM Heavy, which is a computer-based system for maintenance, planning, scheduling, and execution of work activities.

1. The SAP PM Heavy program covers the maintenance of all facilities from the wellhead to the sales point. The facilities include structures, piping, vessels, pumping units, rotating equipment control systems utilities, and processing facilities.
2. The SAP PM Heavy program is applicable to all forms of maintenance activities including regulatory, safety, repair, programmed condition monitoring, inspection, corrective action, and improvements.
3. Mobil shall enter into the program the frequency of each work activity, depending on regulatory requirement, equipment criticality or manufacturers' recommendations, along with the maintenance or testing procedure.
4. Mobil shall query the program monthly to access all jobs that are due for the month.
5. Based on the monthly job list provided by the program, jobs shall be assigned to Mobil's field personnel by their supervisors.
6. All discrepancies found that cannot be corrected immediately shall be input into the program via a work order and prioritized according to criticality.
7. Discrepancies that can be and are corrected immediately shall be noted on the comment section of the procedure so that discrepancies and malfunctions can be tracked and improvements to components can be evaluated or inspection or testing frequencies can be adjusted.
8. New work orders shall be reviewed daily by supervisor(s) and scheduled for completion.
9. Completed regulatory preventative maintenance activities or tests shall be returned to the field Operations Compliance Tech ("OCT").
10. The OCT shall be responsible for ensuring that all preventative maintenance and testing activities are completed as required along with any follow up work that is required.

Table I includes a listing of equipment (by type) that are included in the program, the facility, and the frequency of the activities.

Equipment	Facility	Frequency
Cathodic Protection (CP) inspections on replaced lateral injection lines	MCU: All lateral injection lines are under CP RU: All high pressure injection laterals are under CP	Annual
ESD Injection Pumps	MCU & RU Injection Stations suction and discharge of pumps.	Semi-Annual
Injection system trunk line monitors	MCU Well sites: F-11, I-18, I-23, R-09, R-11A RU Well sites: 6-14, 7-23, 7-34, 19-21, 19-230	Semi-Annual
ECO buckets (stuffing box leak detectors)	MCU pumping units: C-17, D-18, E-18, H-19, H-20, I-21, J-20, K-21, L-22, M-22, M-23, O-23, Q-15, P-18, O-19, N-20, I-11, M-21, I-13, F-16, D-14, J-22, J-12, S-22, Q-23, L-24 RU pumping units: 15-32, 15-22, 15-41, 15-42	Quarterly
Loop check for divert valves, pumps, alarms, and call out system	MCU Section Satellites: 2, 3, 5, 6, 9, 11, 12, 17, 19, 32, 33 RU Section Satellites: 7, 8, 17, 18, 19, 20, 24, 28	Annual
Emergency Pit Inspection	MCU tank batteries: 1, 2, 4, 6	Monthly
SPCC inspections (includes berms)		Annual
High pressure shutdowns on pumping units.	MCU & RU includes all pumping wells.	Annual
Inspection of flowlines that cross waters of the U.S.	MCU: Transfer lines - Section 17, Area 2, Section 6, I-11 test/transfer line, I-12 test/transfer line, S05 Test/composite lines. Flowlines - M-21, M-22, Q-18, P-18, O-19, N-14, K-13, J-14, I-12, H-14, F-14, F-18E-17, E-18, C-17, C-13(TA). B-14 RU: Transfer lines - Section 15 production/test lines, Section 15 lines 1/4 mile north of RU well #4, Satellite 19 to Battery 2, Satellites 18 & 24 to Battery 2/injection line Flowlines - 21-23, 21-34, 21-24, 15-33, 13-14, 12-12, 11-41, 12-12, 12-11, 12-41, 12-32, 1-34, 1-14, 12-21, 18-22	Annual
Injection system isolation valves	MCU: Trunkline 100: 100A, 100B, 100C, 102A, 102B, 102-5A, 104A, 104B Trunkline 200: 200A, 200B, 200-3A, 201A, 202A, 211A, 211B, 2121A, Trunkline 300: 300A, 300B, 300-5A, 300-6A, 300-8A, 301A, 302A, 303A Trunkline 400: 400A, 401A, 402A Trunkline 500: 500A RU: High Pressure: 300A, 400A, 400B, 401A, 401B, 402A, 403A, 500A, 504A, 506A, 501-1A, 501-6B Low Pressure: Outside fence on SE side of Ratherford injection station - 100, 200, 300, 400, 500, 600	Annual

APPENDIX F

Root Cause Analysis Program

Root Cause Analysis

A root cause analysis (RCA) methodology is incorporated into the standard operating procedures through the ExxonMobil spill reporting procedures in the McElmo Creek and Rutherford Unit field areas. The RCA methodology provides a structured format for analyzing an event and helps to determine necessary measures to prevent future occurrences. Mobil has chosen the TapRoot® methodology to conduct root cause analyses. The RCA methodology includes the following components:

Step 1 - Notification

The field supervisor shall determine that an investigation is warranted and shall appoint personnel to conduct a root cause analysis for the following incidents:

All spills of oil and/or produced water to land greater than 10 barrels; and

All spills of oil and/or produced water to waters of the U.S. or adjoining shorelines.

Step 2 - Plan Investigation

Once the decision is made to investigate an incident, the investigator shall develop an investigation strategy by using the information initially available to develop a preliminary SnapChart™ (see attachment). This will help the investigator understand what happened, identify areas where more information is needed, and identify conflicting information.

With insight gained from the initial SnapChart™, the investigator or the investigation team shall plan the investigation strategy by:

identifying the key parameters and event times that need to be checked to verify the incident's sequence of events and technical accuracy,

identifying key pieces of evidence (broken parts, logbooks, chart recorders, computer printouts, etc.) that need to be collected and preserved,

requesting copies of the applicable procedures that should have been used during the incident, and

selecting an initial group of individuals for interviews to fill in gaps in the information or to resolve conflicting information.

Step 3 - Collect Information

Collecting information (interviewing people and analyzing physical evidence) is an ongoing process throughout the investigation and crucial to understanding the incident and why it occurred.

Step 4 - Determine Sequence of Events

An investigator or team collects several people's perceptions of what happened during an incident and the problems that were associated with the activities and equipment during an incident. The investigator has to blend these various perceptions into the story of what happened. One technique for doing this is use of the SnapChart™.

A SnapChart™ is a graphic tool. In developing the SnapChart™, the investigator

organizes the information being collected on a graphical chart to better understand it. This organization of the information often causes the re-evaluation of assumptions or facts that conflict with other information. This organization also helps the investigator identify gaps in logic of what happened.

When you have team investigations or if you are interviewing several people at one time, drawing a SnapChart™ together helps facilitate gathering everyone's information and increases the effectiveness of meetings or group interviews. During individual interviews, the investigator may find it helpful to sketch a SnapChart™ with the interviewee to verify his or her verbal communication. The investigator should keep a master SnapChart™ updated as "facts" are verified.

Step 5 - Identify Incident's Causal Factors

Once the sequence of the incident is thoroughly understood, the investigator shall identify all of the factors that, if eliminated, would have prevented the incident from occurring or would have significantly mitigated its consequences. These factors are called causal factors.

Often investigators can identify the causal factors by simply inspecting the SnapChart™ and asking, "If I could remove or correct the problems identified on this chart, which ones would prevent this incident from occurring or make it less severe?" A more formal technique is called Barrier Analysis and is used as an optional approach to identifying the causal factors (which are called "broken barriers" in Barrier Analysis). In the next step, the investigator analyzes each causal factor for its root cause(s) using the TapRoot® Root Cause Tree.

Step 6 - Identify Root Causes

Once the causal factors are identified, the next step is to identify the root causes. This is done using the TapRoot® Root Cause Tree. The TapRoot® Root Cause Tree Dictionary provides questions that help the investigator pinpoint the incident's root causes.

The TapRoot® Root Cause Tree helps an investigator decide which equipment difficulty or human performance related causes need further investigation. It also ensures that experienced investigators consider all potential causes (rather than just concentrating on the ones that they understand the best).

In some cases, the root causes of an incident are impossible to identify. When the TapRoot® Root Cause Tree is used to analyze these difficult cases, the failure to identify the root cause is clear because the investigation stops before the lowest level on the TapRoot® Root Cause Tree is reached.

A particular incident's specific root causes identified using the TapRoot® Root Cause Tree are used in the next two steps to identify programmatic causes and to develop/evaluate corrective actions.

Step 7 - Identify Generic (Programmatic) Causes

The specific causes for a particular incident may stem from more pervasive problems - generic or programmatic causes. For example, if a particular incident is caused by a valve not having a label plate, other incidents may occur because of similar valve labeling problems with different valves. Therefore, the investigator needs to look at each specific cause for a particular incident and decide if a more program-wide weakness exists that needs broader corrective action.

Generic causes can be identified by investigating the pervasive nature of the problem. The pervasive nature of the problem can be determined by the investigator's experience, performing a special programmatic evaluation, or by reviewing previous incident statistics. Mobil employees are trained to examine whether identified causes may impact other processes or issues (e.g., is this a systemic issue?).

Correcting generic problems can have a much broader impact on safety, environmental performance, and reliability since they address whole classes of problems rather than just the specific causes of an incident.

Step 8 - Develop Corrective Action

The specific and generic causes that are identified in Steps 6 and 7 provide a list of problems that require corrective actions to be implemented in a timely manner. If the root cause level was reached in the incident investigation, the corrective actions are usually fairly straightforward to identify. If the investigator could not reach the root cause level, he/she will still need to develop ideas for corrective actions. If the incident has been identified as a repeat of a similar past incident, the investigator should ask if the corrective actions proposed are different from the corrective actions previously tried and why the previous corrective actions failed. Mobil management is actively involved in the incident investigation process as a participating member on the investigation team. The team evaluates the data, develops appropriate corrective actions, and endorses the corrective actions identified by the team.

Step 9 - Report

Based on all of the information and analysis performed up to this point, the investigator shall write a clear, complete Incident Summary Report describing what happened, why it happened, and what needs to be corrected to prevent the incident (or similar incident).

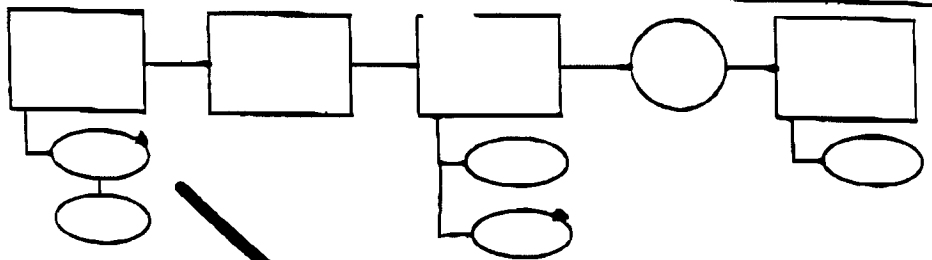
For incidents that require an RCA under Step 1 above, Mobil requires an incident investigation team to be formed within 48 hours of the incident. As part of the RCA process, this team shall develop an Incident Summary Report to document a description of the incident, its root causes, and corrective actions. The investigation team shall assign target dates and responsible parties for implementing the corrective actions. Local supervisors at the McElmo and Rutherford Units shall ensure that the corrective actions are completed in a timely manner.

ATTACHMENT

Develop SnapCharT®

Get Started

- Determine what you are investigating
- Define sequence of events
- Identify missing or needed information
- Investigate further to find missing information
- Define causal factors

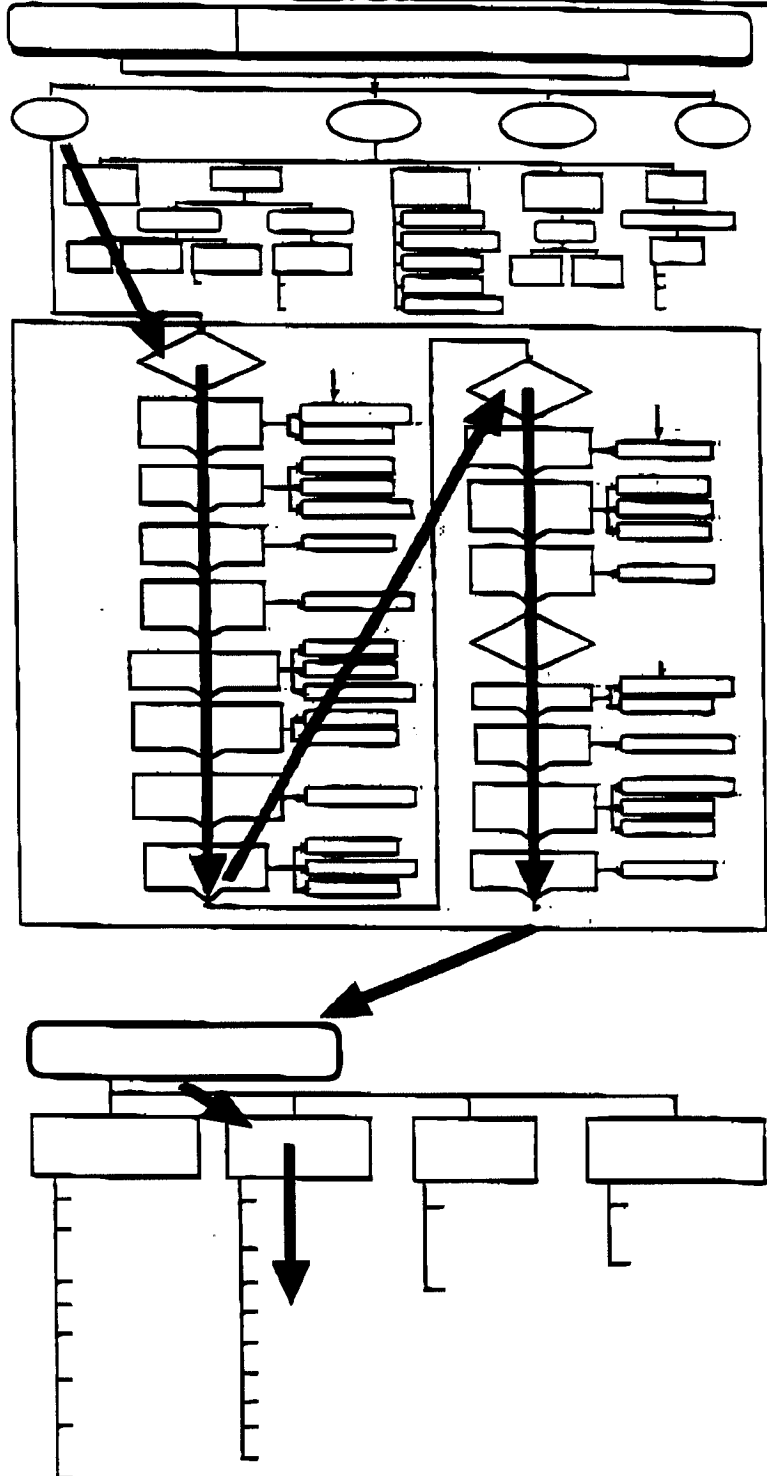


Root Cause Analysis

Analyze each Causal Factor's Root Causes

- Analyze one Causal Factor at a time
- Begin at the top of the Tree and work through the questions to determine what Basic Cause Categories apply
- Examine all of the Basic Cause Categories that apply to determine what root causes apply

Use the *TapRoot® Root Cause Tree® Dictionary* for definitions to all of the questions and root causes on the Root Cause Tree®



APPENDIX G

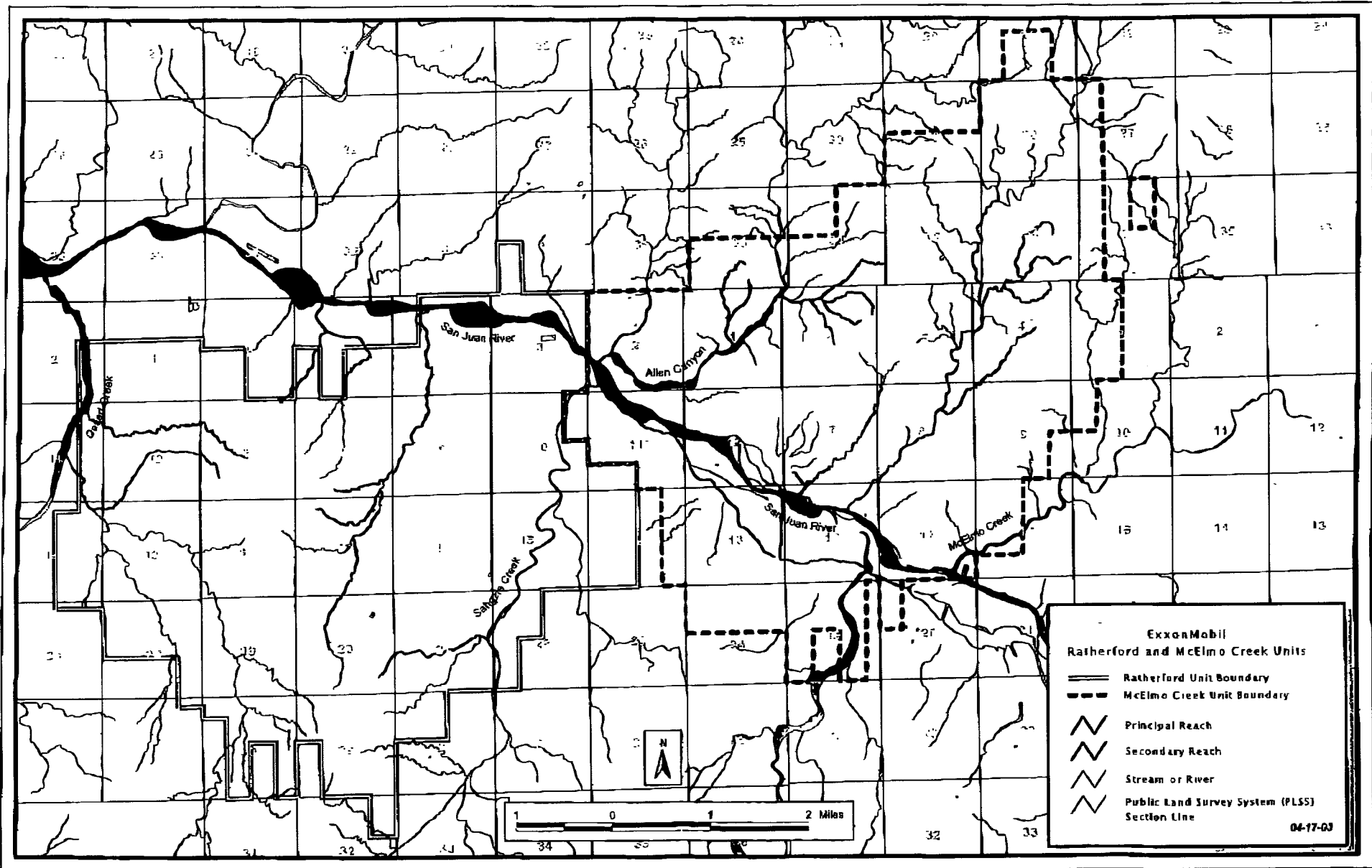
Compliance Audit

The Clean Water Act (CWA) compliance audit shall be coordinated and led by an Exxon Mobil work group external to the McElmo Creek Unit (MCU) and Rutherford Unit (RU) work areas and shall focus primarily on field area operations. The CWA compliance audit of MCU and RU shall include, to the appropriate degree, a review of the office processes that support the field in managing regulatory compliance in regards to the CWA. The audit shall be conducted by a team that includes personnel from the U.S. Production office, Operations, and other external participants/consultants, as appropriate. The audit shall consist of the following elements:

1. The selected audit team shall become familiar with at least the following at MCU and RU:
 - (1) the location of facilities, type of operations, and operating practices;
 - (2) strategies and technologies for spill prevention and spill minimization, and related monitoring, recordkeeping, and reporting procedures;
 - (3) waste handling and disposal procedures and related testing, recordkeeping, and reporting procedures;
 - (4) technical issues that affect the ability of Mobil to comply with environmental requirements at MCU and RU;
 - (5) any applicable Clean Water Act requirements as well as permit terms and conditions;
 - (6) emergency plans, SPCC Plans, and FRP;
 - (7) enforcement history;
 - (8) Management expectations, internal communications and control systems, employee education and training requirements and programs, and environmental compliance policies and procedures; and
 - (9) past organizational deficiencies that may have led to compliance problems and organizational mechanisms for adapting to new regulations.
2. The audit team shall perform an onsite inspection at both MCU and RU, and shall have access to all units, areas, equipment, and structures at MCU and RU. The audit team shall have access to, and shall have the opportunity to observe and review, operation and maintenance procedures for MCU and RU, and may conduct such tests as needed to determine compliance with the Clean Water Act and its corresponding regulations. The team shall have access to any records that will assist it in determining Mobil's current environmental compliance and in evaluating the environmental management system, including publicly available records maintained by regulatory agencies. The audit team shall have access to, and an opportunity to interview in private, all employees and contractors at MCU and RU. Interviews may be scheduled with key supervisors and/or employees or may be conducted "on the spot" with field and office personnel who work with the management systems.
3. The audit team shall review documentation, interview personnel, and perform site inspections in order to gather information necessary to evaluate compliance with the CWA. Regulatory compliance is measured against federal, state, and local

regulations as well as ExxonMobil guidelines.

4. The audit team shall prepare a draft report of the team's observations and shall identify issues, including both violations of the Clean Water Act or its regulations and any potential compliance problems. Before the audit team leaves, it shall review the draft report with supervisory personnel from the MCU and RU work areas. The MCU and RU work area personnel are expected to work with the audit team to clarify the draft report and/or provide additional information if the observations are not accurate.
5. The audit team lead shall prepare a final Audit Report that will be provided to EPA within one year after the Effective Date. The audit team lead shall also forward a copy of the final Audit Report to the operations manager for the MCU and RU work areas with copies to the production manager, regulatory/safety/OIMS manager, and the respective operations superintendent and lead field supervisor. The final Audit Report shall include a compliance assessment, including: (i) a disclosure of any violations of the Clean Water Act or its regulations and any potential compliance problems; and (ii) a discussion of the effectiveness of operations and maintenance activities.
6. Within one year after the Effective Date and concurrently with the submittal of the final Audit Report to EPA, the audit team lead shall forward an Audit Summary Report to the operations manager for the MCU and RU work areas and to the compliance supervisor. The operations superintendent for the MCU and RU work areas shall distribute the Audit Report and Audit Summary Report to the lead field supervisor and surface/subsurface technical supervisors, if appropriate.
7. Within 30 working days after receiving the Audit Summary Report, the operations superintendent and lead field supervisor shall assign priorities, follow-up responsibilities, and target dates for resolution of the audit issues with assistance from the audit team lead and compliance supervisor. The individuals who are assigned follow-up responsibilities shall provide the audit team lead with feedback in quarterly reports at the end of each quarter on the resolution of each issue as it is addressed and the status of all unresolved issues.



APPENDIX I

Aneth Waterline Extension Project

As set forth below and in accordance with the provisions of this Consent Decree, Mobil shall provide for the design and construction of the Aneth waterline extension project on the Navajo Nation in the vicinity of Aneth, San Juan County, Utah. The project will improve the sanitation facilities, including drinking water and wastewater disposal, for 17 homes in the Aneth community in the Aneth Chapter of the Navajo Nation. The project shall consist of the construction of waterline extensions and water service connections for 17 homes, as well as the installation of individual septic tank/drainfield disposal systems for 14 homes, and indoor plumbing for 4 homes. The Indian Health Service ("IHS") will manage the planning, design, and construction of the project. The Navajo Nation Archaeology Department ("NNAD") or the Navajo Engineering and Construction Authority ("NECA") will conduct any archaeological surveys or provide any archaeological reports for the project. NECA will provide construction services for the project. Upon completion of its construction, operation and maintenance of the project will be performed by the Navajo Tribal Utility Authority ("NTUA"). IHS, NNAD, NECA, and NTUA are not parties to this Consent Decree entered into between Mobil and the United States. They have, however, agreed to participate in the project described in this Appendix I by having entered into a separate Memorandum of Agreement ("MOA") with EPA relating to IHS Project No. NA-03-X59, as described in an IHS Project Summary. A copy of the MOA and Project Summary for IHS Project No. NA-03-X59 is attached to this Appendix I.

The project will be completed according to the following schedule:

1. Within 30 days after the Effective Date of the Consent Decree, Mobil shall transfer \$327,000 to the IHS.
2. Pursuant to the terms of the MOA for IHS Project No. NA-03-X59, IHS will establish a separate account and maintain a set of accounting records reflecting all transactions using funds received from Mobil for this project. IHS will charge to the project only the costs described in the IHS Project Summary for Project No. NA-03-X59.
3. IHS will designate a Project Manager to manage the project.
4. By December 1, 2004, IHS will complete design of the project.
5. Pursuant to the MOA, IHS will use either NNAD or NECA to conduct any archaeological surveys or provide any archaeological reports necessary prior to commencing construction. NNAD or NECA may be compensated only for actual services provided for Project No. NA-03-X59 as evidenced by itemized invoices submitted to IHS by NNAD or NECA. NECA may use its subcontractor, Complete Archaeological Service Associates, to complete the survey or report.

6. IHS will complete an environmental review prior to commencing construction in accordance with the requirements of the IHS Division of Environmental Health's Environmental Review Manual.
7. IHS will obtain all rights-of-way on and over Navajo Nation lands that in the judgment of IHS may be necessary for the provision and operation of any facilities provided for under this project.
8. Pursuant to the MOA, IHS will make a monetary contribution to NECA to provide all necessary labor, tools, material, equipment, and services for the construction project. IHS will contribute up to \$249,000 to NECA to complete this project in accordance with the terms of the MOA for IHS Project No. NA-03-X59. IHS will retain the balance of the funds to pay for other expenses related to the project such as project design, archaeological and environmental review, right-of-way surveying and drafting, project supervision, and support services. If NECA also conducts the archaeological review pursuant to Paragraph 5, IHS will compensate NECA for actual services provided for Project No. NA-03-X59 as evidenced by itemized invoices submitted to IHS by NECA.
9. NECA will commence construction on the project by March 31, 2005, and will complete construction by June 30, 2005. Within 60 days after the construction is completed, IHS and the NTUA will inspect the construction to detect possible construction deficiencies. IHS and NTUA will prepare a punch list of any deficiencies. NECA will correct any deficiencies on the punch list.
10. After any deficiencies are corrected, the operation, maintenance, and repair of the community facilities will become the responsibility of the Navajo Nation and NTUA. The sanitation facilities constructed by NECA pursuant to this project are the property of the Navajo Nation. The Navajo Nation may transfer ownership of on-site water and waste facilities to individual homeowners. Mobil shall not be responsible for the operation, maintenance, or repair of any of the facilities constructed pursuant to this project.
11. IHS will provide training to NTUA on the operation and maintenance of the facilities constructed pursuant to this project by December 1, 2005, and will transfer formal operation of the facilities to NTUA by January 1, 2006.
12. Commencing in the year that IHS receives funds from Mobil and continuing until IHS submits a project completion package pursuant to Paragraph 13, IHS will provide a Semiannual Report to EPA and Mobil on July 30 and January 30 of each year. Each Semiannual Report will contain information on the progress of the project in the preceding calendar half, including an accounting of funds expended and significant events.
13. By February 1, 2007, IHS will submit to EPA and Mobil a project completion package,

including:

- A. a Final Report that includes the following information: (i) a "Project History" describing the project as implemented, (ii) a "Construction Experience" describing any problems encountered and the solutions thereto, (iii) a "Summary of Facilities Installed" for the project, and (iv) a description of the "Environmental and Public Health Benefits" of the project; and
 - B. a complete accounting report, including a summary page, an engineer account for miscellaneous purchases, and NNAD or NECA advances, drawdowns, and obligations with references to specific NNAD or NECA invoices.
14. Pursuant to the terms of the MOA for IHS Project No. NA-03-X59, if the actual costs of planning, design, and construction of the sanitation facilities are less than \$327,000, IHS will return to Mobil the difference between actual costs and \$327,000 within 10 working days after IHS has submitted the project completion package.

MEMORANDUM OF AGREEMENT
AMONG
THE UNITED STATES OF AMERICA
AND
THE NAVAJO NATION
ARIZONA, NEW MEXICO, AND UTAH
AND
THE NAVAJO ENGINEERING AND CONSTRUCTION AUTHORITY
AND
THE NAVAJO TRIBAL UTILITY AUTHORITY
COMMUNITY WATER SUPPLY AND WASTE DISPOSAL FACILITIES
Aneth Exxon-Mobil Lease Waterline Extension

Aneth Chapter, Navajo Nation
San Juan County, Utah

Indian Health Service
Project No.
NA-03-X59

Public Law 86-121

U.S. Department of Health and Human Services
Public Health Service
Indian Health Service
Office of Environmental Health and Engineering
Division of Sanitation Facilities Construction
Navajo Area Indian Health Service
Window Rock, Arizona

MEMORANDUM OF AGREEMENT
AMONG
THE UNITED STATES OF AMERICA
AND
THE NAVAJO NATION
ARIZONA, NEW MEXICO, AND UTAH
AND
THE NAVAJO ENGINEERING AND CONSTRUCTION AUTHORITY
AND
THE NAVAJO TRIBAL UTILITY AUTHORITY

COMMUNITY WATER SUPPLY AND WASTE DISPOSAL FACILITIES
Aneth Exxon-Mobil Lease Waterline Extension

Aneth Chapter, Navajo Nation
San Juan County, Utah

Indian Health Service
Project No.
NA-03-X59

Public Law 86-121

THIS AGREEMENT is made among the United States of America, acting through the Indian Health Service, Department of Health and Human Services, under and pursuant to the provisions of Public Law 86-121 (73. Stat. 267); and the U.S. Environmental Protection Agency, hereafter referred to as the EPA, acting through the Region 9 Director, Water Division, under and pursuant to the provisions of the Clean Water Act, as amended; and the Navajo Tribe, Navajo Nation, Arizona, New Mexico, and Utah, hereinafter called the Nation, acting through the President of the Nation; and the Navajo Engineering and Construction Authority, an enterprise of the Nation, hereinafter called the NECA, acting through its General Manager; and the Navajo Tribal Utility Authority, an enterprise of the Nation, hereinafter called the NTUA, acting through its General Manager.

WHEREAS, the Nation is desirous of obtaining satisfactory water supply and adequate waste disposal facilities for the Indians in the Navajo Nation; and

WHEREAS, the Aneth Chapter of the Navajo Nation requested assistance under Public Law 86-121 in the construction of community water supply and waste disposal facilities to serve Indian homes within the Aneth Chapter, San Juan County, Utah; and

WHEREAS, the Indian Health Service is desirous of assisting in the construction of sanitation facilities at the aforementioned location as a means of improving the health of the Indians; and

Memorandum of Agreement, NA-03-X59

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WHEREAS, the Indian Health Service entered into a Memorandum of Understanding on September 12, 1990, with the Navajo Nation Archaeology Department, hereinafter called the NNAD, for the provision of archaeological surveys and reports by the NNAD for rights-of-way on Public Law 86-121 projects within the Navajo Nation; and

WHEREAS, in a settlement of an enforcement action taken on behalf of the U.S. Environmental Protection Agency under the Clean Water Act, United States v. Mobil Exploration and Producing U.S., Inc., Mobil has agreed to provide for the construction of sanitation facilities described in the Project Summary for Project NA-03-X59 for the Aneth Chapter of the Navajo Nation, San Juan County, Utah; and

WHEREAS, the Nation and the NTUA have reviewed and concur with the provisions of the referenced Project Summary.

NOW THEREFORE, in order to carry out the project as set forth in the attached Project Summary entitled, "Community Water Supply and Waste Disposal Facilities, Aneth Exxon-Mobil Lease Waterline Extension", dated June 2003, the parties mutually agree:

1. That the Nation will provide to the Indian Health Service through the NECA:
 - A. All necessary labor, tools and equipment to excavate and backfill trenches, install water and sewer mains, laterals, manholes, fire hydrants, water meters, valves, septic tanks, drainfields, interior plumbing, and other appurtenances and to procure and install materials, equipment, and supplies as authorized by the Indian Health Service necessary for the proper installation of facilities within the Aneth Chapter, San Juan County, Utah.
 - B. The necessary on-reservation transportation to deliver materials, supplies, and equipment to the project site.
 - C. A NECA representative(s) who will supervise the Indian labor supplied by the NECA for this project and to oversee and administer contracts executed by the NECA for this project.
2. That the construction shall be performed by the NECA in accordance with applicable codes and plans and specifications prepared or approved by the Indian Health Service. The Indian

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Health Service is responsible for construction inspection, approval of materials, quality control testing, and final acceptance of all work.

3. That the NECA is responsible for job-site safety and for compliance with all applicable Federal health and safety requirements. The Indian Health Service Project Manager may stop work if, in his/her opinion, a safety problem is unresolved by the NECA.
4. That the NECA will make a report to the Director, Division of Sanitation Facilities Construction, Office of Environmental Health and Engineering, Navajo Area Indian Health Service, in writing, of actual expenditures at least once each month. All field expenditures shall be at the direction of and certified by the Indian Health Service Project Manager.
5. That the Indian Health Service will provide, without charge, to the Nation and the NECA:
 - A. The necessary engineering services to lay out the facilities within the Aneth Chapter, San Juan County, Utah.
 - B. Such equipment, services and skilled labor determined by the Indian Health Service Project Manager to be beyond the normal capability of the NECA to provide.
 - C. All the technical direction, plans and specifications for all construction activities included in this project and shall consult with the Nation and the NECA prior to undertaking construction of the project.
6. That it is understood that in the provision of technical assistance and direction to the Nation and NECA, the Indian Health Service cannot act as an agent of the Nation or the NECA on contracts issued by the Nation or the NECA to carry out the construction services stated in Paragraph 1 of this Agreement.
7. That, upon execution of this Agreement and prior to construction start, Mobil shall, within 30 days after the entry of the Consent Decree in United States v. Mobil Exploration and Producing U.S., Inc., transfer to the Indian Health Service funds in the amount of \$327,000 to provide for the planning, design, and construction of the water supply and waste water disposal facilities described in the Project Summary developed in accordance with this Agreement, including

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necessary support services internal to the Indian Health Service.

8. That to assist the NECA in carrying out its portion of the Project Summary and this Agreement, the Indian Health Service will make contributions to the NECA, not to exceed a total of \$249,000, for the full amount of its nonprofit construction costs, including all direct and indirect overhead costs associated with the execution of this project. After execution of this Agreement and after the receipt of the payment mentioned in Paragraph 7, the Indian Health Service will provide to the NECA an initial contribution to establish the project accounting records, to purchase or rent any miscellaneous equipment or material needed to initiate construction, and to set up the project construction yard. This initial contribution will not exceed 25% of the estimated NECA costs for the project. Upon initiation of construction, or upon finalization of the NECA Job Cost Accounting Budget for the project by the NECA and Indian Health Service Project Manager, an additional contribution will be made to the NECA to allow the NECA to proceed with construction without having to borrow funds to cover the cost of the actual construction while the NECA completes, bills for, and is paid for the first two months of work. The amount of this additional contribution will be based on the estimated costs that the NECA will incur in the first sixty days of construction, but in no event shall the first two contributions to the NECA exceed 75% of the estimated NECA construction cost for the project. Contributions beyond the first two contributions will be made based on work actually completed and billed. No work shall be performed or costs incurred by the NECA that would exceed the aforementioned \$249,000 Indian Health Service contribution without the concurrence of the Indian Health Service and the execution of an amendment to this Agreement to provide for an increase in the Indian Health Service contribution. Additional Indian Health Service contributions shall be subject to the availability of funds.
9. That the NNAD may provide archaeological surveys and reports in accordance with the Memorandum of Understanding between the Indian Health Service and the Navajo Nation which was executed by its last signature on September 12, 1990. Contributions from the Indian Health Service to the NNAD shall be for actual services provided for Project NA-03-X59 as evidenced by itemized invoices submitted to the Indian Health Service by the NNAD. The not to exceed contribution to the NNAD has not been determined at the writing of this Memorandum of Agreement. If it is determined that the NNAD will perform

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archaeological services for this project, the Indian Health Service shall send an exchange letter to the NNAD to set the Indian Health Service not to exceed contribution to the NNAD for this project.

10. That the Nation grants permission for the Indian Health Service, the NECA, the NTUA, and their representatives to enter upon or across Tribal lands in the Navajo Nation for the purpose of carrying out the project outlined in the attached Project Summary and provided for in this Agreement and further will waive all claims which may arise by reason of such entry upon Tribal lands, except for those claims which may be recognized under the Federal Tort Claims Act.
11. That the Indian Health Service will obtain all rights-of-way on or over Tribal lands that in the judgment of the Indian Health Service may be necessary for the provision and operation of any facilities provided for under this Agreement or future agreements that may be entered into in conjunction with this project. Further, the Nation waives any claims against IHS for compensation for said rights-of-way.
12. That the Indian Health Service and its representatives will comply with all applicable Federal and Tribal laws and regulations.
13. That when the community water supply and waste disposal facilities or each operational unit of the community facilities is completed, it will be inspected by the Indian Health Service with representatives of the Nation and the NTUA to detect possible construction deficiencies. A punch list of these deficiencies, if any, will be compiled and agreed on. These deficiencies will be corrected by the responsible construction agency.
14. That when acceptable to all parties, the operation, maintenance and repair responsibilities for the community facilities or operational unit will be assigned to the Nation/NTUA or a Beneficial Use Permit will be issued to the Nation/NTUA and the facilities or operational unit will be started so as to provide services to the consumer. When started, the operation and maintenance of the facilities will become the responsibility of the Nation/NTUA.
15. That all parties understand that the facilities constructed (including equipment, land, and supplies purchased) through the NECA with IHS contributed funds are at no time the property of the IHS, but rather belong to the Nation, which shall operate and maintain such facilities properly, until or

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unless transferred to other parties.

- A. That, because the IHS will not at any time own the facilities constructed by NECA with NECA procured materials, no formal transfer agreement from the IHS to the Nation may be necessary. The IHS will assist the Nation in developing a transfer document to assign operation, maintenance and repair responsibility for community facilities to the NTUA or the designated operation and maintenance organization, and transfer NECA procured and constructed individual facilities to the individual homeowners.
 - B. That the Nation shall transfer on-site water and waste facilities to individual homeowners. Upon completion of the construction the homeowners are responsible for operation and maintenance of the facilities. Facilities constructed under this agreement at all times belong to the Nation until transferred to individual homeowners or other parties.
16. That in consideration of the contributions made and maintenance responsibilities undertaken by the Nation, upon completion of the project, the Indian Health Service will prepare a transfer document that will transfer to the Nation, without charge, all rights, title, and interest in materials, supplies, and equipment provided in accordance with Paragraph 5 B. of this Agreement.
 17. That in consideration of the contributions made and responsibilities assumed by the Nation and undertaken by the individual Indian residents participating in this project, upon completion of the project, the Indian Health Service will prepare a transfer document that will transfer to the head of each household, without charge, all rights, title, and interest in the individual facilities and appurtenances provided on the premises and in accordance with Paragraph 5 B. of this Agreement.
 18. That the Nation or the responsible operation and maintenance organization will properly and efficiently operate, maintain, and repair the community water supply and waste disposal facilities as its own property, so as to keep them in an effective and operating condition. The Indian Health Service shall provide instruction to appropriate Tribal and other officials regarding the proper utilization, maintenance, operation and protection of the water supply and waste disposal facilities constructed under this project.

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19. That the Nation will assign to the NTUA, the operation, maintenance and repair responsibility for all community water supply and waste disposal facilities constructed under this project which are extensions to or modifications of existing water supply and waste disposal systems being operated by the NTUA.
20. That the NTUA will accept portions of the community water supply and waste disposal facilities constructed under this project which are extensions to or modifications of existing water and/or sewer systems that the NTUA operates. The NTUA will efficiently and properly maintain and repair said facilities and equipment, as its own property, including the establishment and collection of service charges so as to keep the facilities in an effective and operating condition.
21. That the Indian Health Service will to the extent economically feasible and subject to the availability of funds, provide a one-year warranty on workmanship for all construction performed by the NECA or the Indian Health Service. The one-year warranty period begins when the project (or an operational unit thereof) is put into operation, as defined in Paragraph 14. The Indian Health Service will assist the Nation and/or the NTUA in obtaining warranties from Indian Health Service and NECA vendors and contractors for materials, equipment, and workmanship.
22. That it is important that installation of the facilities provided for herein be completed as soon as is practicable in accordance with the schedule of the Indian Health Service Project Manager.
23. That the Indian Health Service shall designate a Project Manager to manage the project on behalf of the Navajo Nation, as described in this Agreement and the attached Project Summary. The Indian Health Service will provide a schedule for the design and construction phases of the project which will include critical work elements to be accomplished by the Indian Health Service. Commencing in the year that Mobil transfers the \$327,000 to the Indian Health Service, the Indian Health Service will provide to the U.S. Environmental Protection Agency and Mobil semiannual status reports, including construction progress and financial expenditures, on July 30 and January 30 of each year. The Indian Health Service will provide copies of the status reports to the Nation and NTUA upon request.
24. The Project Summary developed under this Agreement shall serve

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- as the Facilities Plan for the proposed facilities and shall include identification of the water supply and wastewater treatment and disposal methods.
25. That the Indian Health Service shall evaluate the alternatives and most-effective solution in accordance with applicable Indian Health Service policies and procedures for compliance with the National Environmental Policy Act.
 26. That the Indian Health Service, as manager of the funds, shall establish a separate account and maintain a set of accounting records, reflecting all transactions using funds received from Mobil for this project; that the Indian Health Service shall charge to the project only the costs necessary to plan, design and construct the facilities described in the Project Summary; and that the Indian Health Service shall provide to the Navajo Nation upon request, detailed accounting data relating to costs incurred for the project.
 27. That, if the actual costs of planning, design, and construction of the water supply and waste disposal facilities, as described in the Project Summary, are less than the total Mobil funding amount of \$327,000, then the difference will be returned to Mobil.
 28. That if, on the other hand, at any point while planning, designing and constructing the project, the projection for the cost of proposed water supply and waste disposal facilities exceeds \$327,000, then the Indian Health Service will notify the U.S. Environmental Protection Agency and the Nation. No further obligations shall be undertaken by the Indian Health Service beyond the amount of funds available until the project scope has been revised to allow completion within available funds, and the changes have been formalized in an Amendment to this Agreement.
 29. That the Indian Health Service shall assure that all expenditures under the Project are in conformance with and necessary to perform the scope of work described in the Project Summary; that upon conclusion of the Project, the Indian Health Service shall provide to the Navajo Nation a comprehensive listing of all expenditures under the project, and the Director, Division of Sanitation Facilities Construction for the Navajo Area Indian Health Service, shall confirm in writing his/her determination that all such expenditures were in conformance with the approved scope of work in the Project Summary.

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30. That at the end of the Project, the Indian Health Service shall submit to the Nation, the U.S. Environmental Protection Agency and Mobil a project completion package, including:
- A. A Final Report that includes: a Project History describing the project as implemented; a Construction Experience section describing any problems encountered and the solutions thereto; a Summary of Facilities Installed; and a description of the Environmental and Public Health Benefits of the project.
 - B. A complete accounting report, including a summary page, an engineer account for miscellaneous purchases, and NNAD or NECA advances, drawdowns, and obligations with references to specific NNAD or NECA invoices.
31. That each agency will participate as described in the Project Summary. If unexpected circumstances occur which significantly change participation such as inability to perform, greater costs than estimated or changes in scope of work, an amendment to this Agreement will be initiated. Increases in project funding will be subject to the availability of funds from the affected agencies.
32. That, should disputes regarding the provisions of this Agreement occur, the parties to this Agreement will first attempt to resolve those disputes through administrative procedures. If disputes cannot be resolved at the local level, then the next administrative procedure shall be an appeals board established at the Indian Health Service headquarters level. Said appeals board will make a recommendation to the Indian Health Service Director, who will exercise final authority for the Indian Health Service in the administrative review of all disputes.
33. That in the event that actual construction of this project cannot be initiated for any reason by October 1, 2004, the Indian Health Service reserves the right to cancel the project. If the project is cancelled, the Indian Health Service shall provide a Final Report to the Nation, the U.S. Environmental Protection Agency and Mobil within 90 days after the project is cancelled. If the actual costs of the planning, design and construction of the water supply and waste disposal facilities, as described in the Project Summary, are less than the total Mobil funding amount of \$327,000, the Indian Health Service shall, within 5 working days after submitting the Final Report, return the difference to Mobil. If the condition which impeded construction is resolved following such cancellation, the Indian Health Service will give high priority to funding the project from

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appropriated sanitation facilities funds available at that time or from future appropriations for sanitation facilities.

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IN WITNESS WHEREOF, the parties hereto have subscribed their names.

FOR THE NAVAJO NATION

Date

President, the Navajo Nation, having been
duly authorized to enter into this
Agreement on behalf of the Navajo Nation.

FOR THE NAVAJO ENGINEERING AND
CONSTRUCTION AUTHORITY

Date

General Manager

FOR THE NAVAJO TRIBAL UTILITY AUTHORITY

Date

General Manager

FOR THE UNITED STATES OF AMERICA

Date

Area Director, Navajo Area Indian Health
Service, Department of Health and Human
Services

Date

Director, Water Division, Region 9,
Environmental Protection Agency

PROJECT SUMMARY**COMMUNITY WATER SUPPLY AND WASTE DISPOSAL FACILITIES
Aneth Exxon-Mobil Lease Waterline Extension**

**Aneth Chapter, Navajo Nation
San Juan County, Utah**

**Indian Health Service
Project No.
NA-03-X59**

Public Law 86-121

**Department of Health and Human Services
Public Health Service
Indian Health Service
Office of Environmental Health and Engineering
Division of Sanitation Facilities Construction
Navajo Area Indian Health Service
Window Rock, Arizona**

June 2003

PROJECT SUMMARY

COMMUNITY WATER SUPPLY AND WASTE DISPOSAL FACILITIES Aneth Exxon-Mobil Lease Waterline Extension

**Aneth Chapter, Navajo Nation
San Juan County, Utah**

**Indian Health Service
Project No.
NA-03-X59**

Public Law 86-121

INTRODUCTION

In settlement of a lawsuit brought against the Mobil Exploration and Producing U.S., Incorporated (Mobil) by the U.S. Environmental Protection Agency (EPA) under the Clean Water Act, funds are available from Mobil to provide water service to Aneth Chapter homes in the area of the Mobil oil lease. Seventeen homes in this area have been identified by the Indian Health Service (IHS) as being in need of water and sanitation facilities. These homes can be served by waterline extensions from the existing Aneth Community Water System (CWS).

This proposal recommends installation of 5.4 miles of waterline, domestic plumbing, and individual septic tank/drainfield systems. The total project cost, excluding bathroom additions, is estimated at \$327,000. Seventeen homes will benefit from the new facilities, resulting in a unit cost of \$19,235 per home. The funds for project NA-03-X59 will come from Mobil and will be transferred directly to the IHS. Bathroom additions will be constructed by the Aneth Chapter.

GENERAL INFORMATION

Aneth is located in southeastern San Juan County, Utah along Utah State Highway 262 and adjacent to the San Juan River, approximately 65 miles northwest of Shiprock, New Mexico (see vicinity map). The Aneth Exxon-Mobil lease area lies east of the town of Aneth and north of Highway 262. This area is within the Shiprock Service Unit of the Navajo Area Indian Health Service.

The terrain in the area is varied, consisting of rolling lowlands, steep canyons, and relatively flat mesa tops. Elevations range from 4,500 to 5,000 feet above sea level. Vegetation consists of western sage, rabbitbrush, snakeweed, and bunch grass. The soil conditions consist of sandstone, fine sandy loams, sandy clay loam, and loamy fine sands. Temperatures range from 10 °F in winter to 100°F in summer. The average annual precipitation is 6-8 inches. Average annual lake evaporation is 59 inches.

Employment in the local area is at the Aneth and Montezuma Creek schools, the Montezuma Creek clinic, convenience stores, government offices, and at the local offices of several oil and gas companies including Mobil, Chevron-Texaco, Elkhorn Operating Co., and U.S. Oil & Gas. Some Aneth residents are self-

Project Summary, NA-03-X59

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employed in raising livestock, and some residents commute to Blanding, Utah, Cortez, Colorado, and Shiprock, New Mexico for employment. The housing in the area ranges from modern frame dwellings to traditional hogans and is comparable to other parts of the Navajo Reservation. Growth potential for the Aneth area is approximately 25% over 10 years.

EXISTING SANITATION FACILITIES

Water Supply

The Aneth CWS was constructed under IHS Projects NA-75-108, NA-77-705, NA-77-176, NA-81-291, NA-83-414, NA-83-746, NA-90-995, NA-97-A52, NA-98-312, NA-99-B17, and several Shiprock district scattered projects. The system presently serves 415 homes and is operated by the Navajo Tribal Utility Authority (NTUA). Five separate pressure zones exist. The Upper zone consists of a 100,000 gallon storage tank (North Superior) and two wells, 12T-0700 (Aneth #1) and 12T-0702 (Aneth #2), which are currently producing 100 gallons per minute (gpm) and 80 gpm, respectively. The Lower zone has 100,000 gallon and 70,000 gallon storage tanks (Superior and East Aneth). The Aneth Community School zone is connected to the Lower zone and has a 120,000 gallon elevated storage tank regulated by an altitude valve. The Aneth East zone contains a 100,000 gallon storage tank (Aneth Point). This zone is connected to the Upper zone by a line running across McElmo Creek. Flow to the Aneth East zone is controlled by a solenoid valve. The McCracken Mesa zone consists of a booster station and a 50,000 gallon storage tank (McCracken Mesa). The recommended project will add homes to the Upper and Lower pressure zones. The distribution system consists of approximately 85 miles of 6", 4" and 2" PVC waterlines, with the pressure regulated by seven 2"x3/4" and seven 2"x2"x3/4" pressure reducing valves.

Sewage Disposal

Most homes connected to the Aneth Water System utilize on-site septic tank and drainfield systems to dispose of domestic sewage. The Utah Navajo Development Council (UNDC) housing site and Aneth Chapter compound discharge sewage into a 2-cell, 3-acre lagoon constructed under NA-75-108. Under NA-83-414/746 a 3-cell, 0.9 acre lagoon system was constructed for the 34 unit Housing, Urban and Development (HUD) housing site. Residents without community water use pit privies for waste disposal.

Interior Plumbing

Four of the 17 homes on the proposed project need plumbing improvements.

Solid Waste Disposal

The IHS partially funded a landfill built and operated by San Juan County, Utah located 14 miles northwest of Montezuma Creek. This landfill is available for all Navajo residents of San Juan County. Residents who do not live near the landfill generally dispose of trash by burning.

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RECOMMENDED FACILITIES**Water Supply**

Water supply facilities to be provided include the construction of approximately 28,300 feet of 6-inch, 4-inch, and 2-inch watermain extensions from the existing Aneth CWS; and connection of 17 homes to the Aneth CWS.

Sewage Disposal

Individual septic tank/drainfield systems will be installed at 14 homes.

Solid Waste Disposal

No solid waste facilities will be provided by this project.

Bathroom Additions and Interior Plumbing

Four of the 17 homes require bathroom additions. The Aneth Chapter will construct bathroom additions, and the IHS will provide plumbing to these homes.

PARTICIPATION

This project will be a cooperative effort of the Navajo Nation, the Aneth Chapter, the IHS and the homeowners. Pursuant to its Clean Water Act settlement with the EPA, Mobil will make a payment of \$327,000 to the IHS to cover the full cost of this project, excluding bathroom additions. The IHS will provide engineering design services, special construction materials, and construction supervision for all facilities. The IHS will also obtain all archaeological, environmental, and right-of-way clearances necessary for construction of the facilities. The Aneth Chapter will construct bathroom additions.

The Navajo Nation, through its construction enterprise, the Navajo Engineering and Construction Authority (NECA), will provide all labor, equipment, standard materials, and related services to construct the water supply and waste disposal facilities. The IHS will make a monetary contribution to the NECA for the full amount of the nonprofit cost of construction performed by the NECA.

Sanitation facilities procured and constructed by the NECA with IHS contributed funds are at all times the property of the Navajo Nation. The IHS will assist the Navajo Nation in the preparation of a transfer document. This document will assign operation, maintenance, and repair responsibilities for the community facilities to the operation and maintenance organization currently operating the water system and transfer the NECA procured and constructed individual on-site facilities to the individual homeowners.

Upon completion of this project, ownership of sanitation facilities procured and/or constructed by the IHS will be transferred from the IHS, with ownership of community sanitation facilities being transferred to the Navajo Nation and ownership of individual on-site facilities being transferred to the individual

Project Summary, NA-03-X59

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homeowners.

OPERATION AND MAINTENANCE OF FACILITIES

Upon transfer, the Navajo Nation will assign all operation and maintenance (O&M) responsibilities of the new community facilities to the NTUA.

Individual homeowners will pay a monthly NTUA charge for water and sewer service. The NTUA monthly charge for residential water service consists of a \$5.50 service charge plus a commodity charge of \$2.20 per 1,000 gallons for the first 3,000 gallons used, and \$3.35 per 1,000 gallons for usage in excess of the first 3,000 gallons. For a typical household using 250 gallons per day, the monthly NTUA water service charge would be about \$28. Homeowners are also required to pay to the NTUA the customary \$10 non-refundable connection fee before water service will be started.

The homeowners will be responsible for the O&M of their individual facilities. It is recommended that the homeowners receiving septic tank systems have their tanks pumped every two to four years, or as necessary.

ENVIRONMENTAL REVIEW

An Environmental Review will be completed prior to construction in accordance with the requirements in the Division of Environmental Health's Environmental Review Manual.

SANITATION DEFICIENCIES

Known sanitation deficiencies for the Aneth Chapter are as follows:

1. Waterline extension to Rockwell Flats, SDS #UT19800-0103 (\$901,000)
2. Waterline extensions to homes in central Aneth, SDS #UT19800-1201 (\$327,000)
3. Waterline extension to Mail Trail Mesa, SDS #UT19800-1101 (\$455,000)
4. Waterline extension to South McCracken Mesa.
5. Cisterns for 10 scattered homes in Aneth, SDS #UT19800-0201 (\$110,000)
6. Waterline extension to North Montezuma Creek, SDS#UT19806-0202 (\$1,000,000)
7. Upgrades to Montezuma Creek pumphouse #3, SDS #UT19806-0301 (\$45,000)
8. Treatment for iron removal at Montezuma Creek well, SDS #UT19806-0101 (\$45,000)

This project will address the sanitation needs for item 2 above, reducing the sanitation deficiency level from 5 to 1 for 17 homes.

INDIVIDUAL PROJECT PARTICIPANTS

Table I lists the project participants and their specific project information.

Project Summary, NA-03-X59

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Table I.

Individual Project Participants List
NA-03-X59

Home No.	Homeowner	House Type	First Service	Recommended Facilities Water/Sewer/Solid Waste			Plumbing Required	Addition Required
1.	Lee Jones	E-1	Yes	Yes	Yes	No	No	No
2.	Dempsey Wilson	E-1	Yes	Yes	Yes	No	No	No
3.	Fred James	E-1	Yes	Yes	Yes	No	Yes	Yes
4.	Emmerson Merritt	E-1	Yes	Yes	Yes	No	Yes	Yes
5.	Evelyn Merritt	E-1	Yes	Yes	Yes	No	Yes	Yes
6.	Joseph Merritt	E-1	Yes	Yes	Yes	No	No	No
7.	Valerie Merritt	E-1	Yes	Yes	Yes	No	Yes	Yes
8.	Betty Ann Norton	E-1	Yes	Yes	Yes	No	No	No
9.	Virgie Merritt	E-1	No	Yes	No	No	No	No
10.	Thomas Sakizzie	E-1	Yes	Yes	Yes	No	No	No
11.	Eleanor Benally	E-1	No	Yes	No	No	No	No
12.	Ella Sakizzie	E-1	Yes	Yes	Yes	No	No	No
13.	Andrea Benally	E-1	Yes	Yes	Yes	No	No	No
14.	Pierce Benally	E-1	No	Yes	No	No	No	No
15.	Julia Nakai	E-1	Yes	Yes	Yes	No	No	No
16.	Stanford Sakizzie	E-1	Yes	Yes	Yes	No	No	No
17.	Shirley Joe	E-1	Yes	Yes	Yes	No	No	No

ESTIMATED COST OF RECOMMENDED FACILITIES

Table II lists the estimated costs for the sanitation facilities recommended for the project.

Table II

Estimated Cost of Recommended Facilities
NA-03-X59

Item	Quantity	Unit	Unit Cost	Total Cost
<u>WATER SUPPLY FACILITIES</u>				
ROW Survey and Drafting	28,300	LF	\$ 0.12	\$ 3,396
Arch Clearance	1	LS	15,000	15,000

(Continued)

Note: E-1 = Existing Home

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Table II - Continued

Estimated Cost of Recommended Facilities
NA-03-X59

Item	Quantity	Unit	Unit Cost	Total Cost
<u>WATER SUPPLY FACILITIES</u> - Continued				
Endangered Species Survey	1	EA	\$ 2,000	\$ 2,000
Stormwater Pollution Prevention	1	JB	5,940	5,940
6-inch Waterline	9,000	LF	3.64	32,760
4-inch Waterline	7,300	LF	2.88	21,024
2-inch Waterline	10,000	LF	1.89	18,900
ROW Clearing	28,300	LF	0.20	5,660
Pressure Testing	28,300	LF	0.11	3,113
Leak Repair	10	EA	185	1,850
Flush Valves	6	EA	270	1,620
Pipeline Crossing	4	EA	212	848
HDPE for Steep Terrain	2,000	LF	10.15	20,300
Road Crossing (open cut)	500	LF	14.06	7,030
Road Boring-waterline (small 8")	200	LF	26.30	5,260
Rock Excavation	1,000	LF	10.95	10,950
1-inch House Service	17	EA	735	12,495
NECA Mgmt. & Crew Support	1	LS	39,000	<u>39,000</u>
TOTAL - WATER SUPPLY FACILITIES				\$207,146
<u>SEWAGE DISPOSAL FACILITIES</u>				
Septic Tank - 1,000 gal Concrete	14	EA	\$ 877	\$ 12,278
Drainfield (infiltrator)	2,520	LF	8.86	22,327
NECA Mgmt. & Crew Support	1	LS	8,300	<u>8,300</u>
TOTAL - SEWAGE DISPOSAL FACILITIES				\$ 42,905
<u>PLUMBING FACILITIES</u>				
Interior Plumbing	4	EA	\$ 2,175	<u>\$ 8,700</u>
TOTAL-PLUMBING FACILITIES				\$ 8,700

(Continued)

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Table II - Continued

Estimated Cost of Recommended Facilities
NA-03-X59

Item	Quantity	Unit	Unit Cost	Total Cost
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COST SUMMARY

TOTAL - WATER SUPPLY FACILITIES				\$207,146
TOTAL - SEWAGE DISPOSAL FACILITIES				42,905
TOTAL - PLUMBING FACILITIES				<u>8,700</u>
Construction Subtotal				\$258,751
+10% Contingencies				<u>25,875</u>
Subtotal				\$284,626
+12% Support Services				34,155
+3% Navajo Nation Tax (Construction Subtotal only)				<u>7,763</u>
TOTAL PROJECT COST				\$326,544
TOTAL PROJECT COST (Rounded)				\$327,000
Total Cost/Home = \$327,000/17				\$ 19,235

FUNDING SUMMARY

Mobil Settlement Payment				\$327,000
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PROJECT IMPLEMENTATION SCHEDULE

Table III shows target dates for completion of various project stages.

Project Summary, NA-03-X59

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Table III

Project Implementation Schedule
NA-03-X59

<u>Task</u>	<u>Target Completion</u>	
Execution of MOA	October	2003
Design	December	2004
Right-of-Way	January	2005
Construction Start	March	2005
Construction Completion	June	2005
As-Builts	August	2005
O & M Training	December	2005
Transfer	January	2006
Final Report	February	2007

PROJECT SUMMARY**WATER SUPPLY AND WASTE DISPOSAL FACILITIES
Aneth Exxon-Mobil Lease Waterline Extension****Aneth Chapter, Navajo Nation
San Juan County, Utah****Indian Health Service
Project No.
NA-03-X59****Public Law 86-121****Prepared By:****Gretchen Cowman
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Shiprock Service Unit****Date****Recommended By:****Jeffrey J. Nolte, P.E.
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Director, OEHE, Navajo Area
Indian Health Service****Date**

APPENDIX J

**Responsibility for Consent Decree Obligations after Sale or Transfer of the Facility
and Passage of the 180-Day Period of Joint and Several Liability**

Section	Provision	Defendant Retains / Obligation does not transfer to new owner or operator	Defendant Relieved / Obligation transfers to new owner or operator
Civil Penalty	§5. Civil penalty of \$515,000 (plus interest) payable to U.S. Treasury.	X	
IV. Injunctive Relief	§7 Certify installation of 130,000 feet of cement-lined or poly-lined injection distribution lines at MCU.	X	
	§7.a Maintain lines in good working order, and evaluate integrity of cathodic protection system annually.		X
	§8 Certify: 1) Installation and operation of field pressure monitors on MCU/RU injection distribution systems, 2) Installation and operation of monitoring, alarms, dial-out system and automated injection pump ESD at MCU/RU injection stations, 3) Upgrade of WAG skids at MCU to minimize corrosion, and 4) Replacement of flexible hoses at RU injection wells with steel pipe to provide greater integrity.	X	
	§8.a Respond to ESD event ASAP (within one hour if feasible).		X
	§8.b Maintain system in good working order, and inspect semi-annually.		X
	§8.c Maintain logs of ESD system activation.		X
	§8.d Identify spill-related ESD activation events as part of semi-annually report.		X
	§9 Install and operate stuffing box leak detectors on MCU/RU producing wells designated in Appendix B.	X	X (for new wells & maintenance of existing wells)
	§9.b Maintain equipment in good working order, and inspect quarterly.		X
	§9.c Identify existing and new devices installed as part of semi-annual report.		X
	§10 Certify that 138,775 feet of new MCU flowlines and 6927 feet of new RU flowlines have been installed and operated.	X	
	§10.a Maintain lines in good working order, and evaluate integrity of cathodic protection system annually.		X

IV. Injunctive Relief (cont.)	§11	Certify installation and operation of pressure monitoring and alarm system at MCU/RU production transfer systems.	X	
	§11.a	Respond to ESD event ASAP (within one hour if feasible).		X
	§11.b	Maintain system in good working order, and inspect as required in MCU/RU SPCC Plans.		X
	§11.c	Maintain logs when system is activated.		X
	§11.d	Identify spill-related system activation events as part of semi-annual report.		X
	§12	Certify that all emergency pits at MCU/RU operate and maintain the following items in good working order: walls, liners, secondary berming, inlet flow sensors, remote communication equipment and alarms, and bird netting.	X	X (for new pits & maintenance of existing pits)
	§12.a	Respond to sensor indications of fluid flowing into pits.		X
	§12.b	Maintain equipment in good working order, and inspect monthly.		X
	§12.c	Identify new emergency pit constructed as part of semi-annual report.		X
	§13	Submit revised SPCC plans to EPA.	X	
	§14	Implement measures in FRP within six months.	X	
	§15	Implement PM and testing program for isolation valves, alarms, pressure monitoring, and shutdown systems for MCU/RU producing wells, injection distribution system, and production transfer system. PM program shall also include periodic integrity checks of injection lines, flowlines, stuffing box leak detectors, berms, and emergency pits.	X	X (re-implement upon sale or transfer of Facility)
	§15.a	Incorporate PM program into computerized system for maintenance, planning, scheduling, and execution of work activities. Include as part of standard operating procedures.		X
	§15.b	Summarize PM activities as part of semi-annual report.		X
	§16	Conduct root cause analysis for any spill into waters of the US and any spills to land greater than 10 barrels.		X
	§16.a	Include copy of all incident reports in semi-annual report.		X
	§17.a	Ensure personnel are trained for each item noted in §7 through 16. Document content and attendance as part of semi-annual report.		X
	§17.b	Each employee shall participate in annual training for preventing spills, SPCC and FRP requirements, responding to spills, and/or operating equipment required by Consent Decree.		X

IV.	Injunctive Relief (cont.)	§18	Conduct external audit of CWA compliance at MCU/RU within nine months.		X (if sold in <9 months)
		§18.a	Prepare assessment report within one year to describe results of external audit.		X (if sold in <9 months)
		§18.b	Submit Compliance Implementation Plan within 60 days of assessment report.		X (if sold in <9 months)
		§19	Submit quarterly report of any spills threatening to impact waters of the US, and all oil spills greater than one barrel and produced water spills greater than 5 barrels.		X
V.	Supplemental Environmental Project	§20	Construct and implement Supplemental Environmental Project (SEP) for Aneth Waterline Extension.	X	
		§22	Certify SEP cost of \$327,000 (payable to Indian Health Services), that project is not otherwise required by law or regulation, that Mobil is not receiving credit for SEP in any other enforcement action, and that Mobil will not receive reimbursement for project costs.	X	
		§23	Submit SEP Completion Report within 30 days of project completion.	X	
		§28	Public statements made by Mobil making reference to SEP must include disclaimer about reason for doing project.	X	
VI.	Compliance Reporting and Record Keeping	§29	Submit to EPA a semi-annual report containing all information required by Consent Decree		X
		§30	Maintain copies of all notices, reports, information, submissions, and records required by Consent Decree		X
VII.	Stipulated Penalties	§31	Penalties for late, inaccurate, or incomplete notices or reports.		X
		§32	Penalty for late payment of civil penalty.	X	
		§33	Penalty for non-compliance with injunctive relief items.	X (non-transferable items only)	X
		§34	Penalties for certain oil and produced water spills.		X
		§35	Penalties for non-compliance with SEP provisions.	X	
		§36	Penalties for non-compliance with right of entry provisions		X
VIII.	Right of Entry	§40	EPA has right to enter Facility at all reasonable times.		X
IX.	Force Majeure	§41-46	- All noted provisions.		X
X.	Dispute Resolution	§47-49	- All noted provisions.		X

APPENDIX K**Summary of Post-Complaint Spills**

Date	Type of Spill	Amount of Produced Water/Oil Spilled (in barrels)
9-11-99	Produced water/oil	4/5
12-23-99	Produced water/oil	3/12
12-30-01	Produced water	160
9-17-03	Produced water/oil	36.42/4.92